

## Equity Budgeting Tool (EBT) - German Agency for International Cooperation (GIZ)



### Objective and features

#### 1. Objective

EBT aims to provide a framework for assessing whether public budgeting is equitable and responsive to the needs of marginalized groups.

#### 2. Institutional coverage

Specific sectors (such as agriculture, health, and social protection) in national and subnational governments. The analysis can cover single or multiple sectors.

#### 3. Technical coverage

The PFM dimensions covered by the framework are fiscal framework and policy, budget management, and expenditure management.

#### 4. Application method

Any external entity.

### Methodology



#### 5. Methodology

EBT is a selection of existing instruments and a checklist of questions related to the budget outcome and the underlying budget process. These questions form the basis for drafting a technical report that analyzes spending outcomes and each stage of the budget process. The report uses a traffic light system to reflect the degree to which each element makes a positive contribution to enhancing equity. The traffic light system comprises the following:

- Green – budget processes and decisions take equity into consideration
- Orange – budget processes and decisions partially take equity into consideration
- Red – there are no equity considerations in the budget or decision process.

Qualitative analysis is primarily used for questions on budget processes, while quantitative analysis is used to answer questions on spending outcomes. High quality published data is essential for the analysis of EBT. It is important that the data can be sufficiently disaggregated to identify statistically significant impacts on the marginalized groups that might be underrepresented or excluded in other analyses such as household surveys.

The main sources of data for EBT are household budget surveys, annual budget data (both allocation and actual expenditure), PEFA (Ao1) assessments, OBS (Ao6), national development plans, and sectoral strategies.

#### 6. Benchmarking system

The assessment is qualitative and has not been developed with a benchmarking system in mind.

#### 7. Linkage to PEFA framework

EBT uses the findings from PEFA performance indicators to assess equity considerations in the following:

- Budget preparation and approval – economic analysis of investment proposals (PI-11.1) and investment project selection (PI-11.2)
- Budget execution – expenditure composition outturn (PI-2), expenditure outside financial reports (PI-6.1), and significance of in-year budget adjustments (PI-21.4)
- Budget monitoring and evaluation – performance achieved for service delivery (PI-8.2), performance evaluation for service delivery (PI-8.4), legislative scrutiny of budget reports (PI-18), aggregate expenditure outturn (PI-2), and consistency of budgets with previous years' estimates (PI-16.4).

#### 8. Complementarity with PEFA framework

Findings from a country's PEFA assessments are used as a source of information for the EBT analysis. This is because the extent to which the budget will be effective in addressing equity issues depends largely on the general strengths and weaknesses of the budget process. Therefore, PEFA can help to clarify at which stage(s) of the budget process inequities are created and/or translated into budget outcomes.

### Development and use



#### 9. Development and coordination

GIZ received interest from partner countries through its bilateral programs for reducing inequalities (both horizontal and vertical) and improving connections between the Ministry of Finance and other ministries receiving budgetary allocations. This led to the development of a broad and flexible tool that could provide insight into how different equity aspects like gender, ethnicity, culture, age, and religion are reflected in the budget and are considered during budget execution. Prior to EBT, the frameworks covering these themes were one-dimensional (e.g., Gender Budgeting Guidelines), and the EBT brought these together.

In 2017, GIZ commissioned the Oxford Policy Management to develop the EBT. Consultations were held with the German Development Institute and the WB. EBT has been tested in three sectors (education, health, and agriculture) in three countries. EBT was not modeled after any already established tool, but it acknowledged the existence of guidelines and frameworks covering specific equity aspects.

#### 10. Assessment management

GIZ hosts a pre-assessment workshop to generate a common understanding of the need for assessments across the involved ministries to help address any potential biases or difficulties during the assessment - given its political nature. External consultants conduct the assessments through consultations with relevant ministries and civil society stakeholders.

A detailed user guide is being developed, which will replace the training for external consultants, to ensure standardization in assessments. Quality is assured through a post-assessment workshop where the external consultants present the results and discuss them with the ministries involved.

#### 11. Uses by the government and members of the PFM community

EBT allows national governments to analyze the extent to which equity considerations are reflected in the budget and to answer questions related to how public spending impacts various dimensions of equity in different contexts. EBT can be used regardless of the budgeting approach (e.g., program vs. conventional budgeting) or level of government (e.g., national or subnational). EBT can help in supporting constructive dialogue with state officials around inequalities. It can also empower civil society organizations (CSOs) as watchdogs over budgeting.

#### 12. Sequencing with other tools

EBT overlaps with the issue-specific instruments developed by UNICEF which help to analyze the impact of budgets on children and human rights, particularly in the review of budget processes. Several of the main sources of EBT are other diagnostic tools, among them PEFA assessments (Ao1) and the Open Budget Survey (Ao6). EBT allows for the analysis of budget outcomes, which complements other existing instruments that already cover the procedural aspects relating to the budget cycle.

#### 13. PFM capacity building

The tool has no embedded PFM capacity-building function. However, dialogue with respective partner institutions prior, during, and after the assessment often results in a deeper understanding among the partners of the notion of equity and methods for assessing equity dimensions.

#### 14. Tracking of changes and frequency of assessments

The tool has not been developed with a predetermined frequency of assessments.

#### 15. Resource requirements

Each assessment costs about €20,000, including in-country visits, and pre- and post-assessment workshops.

The assessments take 20 to 30 working days for an external consultant, of which five days are on-site in the country. This does not include the work performed by the GIZ staff. Each assessment takes around six weeks to complete but the entire cycle, including preparations, takes significantly longer - around nine months. The length of the entire process can vary depending on the level of political cooperation, the specific equity area(s) under review, and the availability of data.

### Transparency



#### 16. Access to methodology

Methodology is [available](#). User guides are being developed to ensure standardization of the assessment approach but are not publicly available.

#### 17. Access to assessment results

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